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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/713,126

11/14/2003

James Farrell

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BRINKS HOFER GILSON & LIONE / CME

P.O. BOX 10395

CHICAGO, IL 60610

EXAMINER

WEIS, SAMUEL

ART UNIT

PAPER NUMBER

3695

MAIL DATE

DELIVERY MODE

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/713,126

Applicant(s)

FARRELL ET AL

Examiner

SETH WEIS

Art Unit

3695

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 12 September 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 18-28 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 18-28 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/CDC)
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date: _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____
- Paper No(s)/Mail Date: _____

DETAILED ACTION

1. This is in response to Applicant's amendment filed 12 September 2008. Claims 18-21, 25, and 27 were amended. Claims 18-28 were examined.

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 18-24 and 27-28 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 18-24 recite in the preamble "a system that mitigates the effects of rises or falls in market prices caused by the execution of a conditional order comprising." The body of claim 18 recites various "processors" in each limitation, including "order processors," "spike control processor," "open market processor," etc. Claims 18-24 are considered non-statutory because the processors are considered to be software, per se. Functional descriptive material per se is not statutory. Functional descriptive material in combination with an appropriate computer readable medium must be capable of producing a useful, concrete and tangible result when used in a computer system. Since the "processors" lack storage on a medium and there are no instructions in executable form, no underlying functionality occurs and thus there is no practical application. For these reasons, claims 18-24 fail to satisfy one of the statutory categories set forth in 35 U.S.C. 101 and are therefore considered to be non-statutory.

Claim 27 recite in the preamble "a signal-bearing medium having stored therein data representing instructions executable by a programmed processor for mitigating the effect of a market spike caused by the triggering and the election of a conditional order, the signal-bearing medium comprising." The body of claim 18 recites various "logics" in each limitation. Claims 27 is considered non-statutory because the logics are considered to be software, per se. Functional descriptive material per se is not statutory. Functional descriptive material in combination with an appropriate computer readable medium must be capable of producing a useful, concrete and tangible result when used in a computer system. Since the "logics" lack storage on a medium and there are no instructions in executable form, no underlying functionality occurs and thus there is no practical application. For these reasons, claim 27 fails to satisfy one of the statutory categories set form in 35 U.S.C. 101 and are therefore considered to be non-statutory.

Claim 28 recites a process comprising the steps of monitoring, comparing, delaying, and deriving. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or

positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Claim Rejections - 35 USC § 103

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 18-28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Nieboer et al., U.S. Pat. No. 6,418,419 (hereinafter, Nieboer), in view of Selleck, U.S. Pat. App. Pub. No. 20010049651 (hereinafter, Selleck).

As to claim 18, Nieboer discloses a system that mitigates the effects of rises or falls in market prices caused by the execution of a conditional order comprising (abstract):

an order book manager that receives orders (col. 3, lines 22-36; Figs. 7-9);

an order processor that compares an execution price of a conditional order to a predefined price threshold (col. 15, line 11-col. 16, line 7);

a spike control processor that delays the matching of orders received by the order book when an execution price of the conditional order lies outside of the predefined price threshold, the spike control processor compares an indicative opening price to the predetermined price threshold (cols. 16, line 25 - col. 17, line 18); and

an open market processor that opens the market when the indicative opening price lies within the predetermined price threshold wherein the market is reserved when the

indicative opening price lies outside of the predetermined price threshold (cols. 16, line 25 - col. 17, line 18).

While Nieboer does not explicitly disclose wherein the indicative opening price is adjusted by orders requested while the market is not open, Selleck teaches a global trading system and method that controls the effects of after hours trading or while the market is closed (at least ¶0247 and abstract). It would have been obvious to one skilled in the art at the time of Applicant's invention to combine Nieboer and Selleck so the order system would have accurate market pricing when the market opens.

As to claims 19-24, Nieboer discloses wherein the execution price of the conditional order comprises a price range within which the conditional order is satisfied and a trade is executed; wherein the open market processor is configured to open the market to trading when the indicative opening price lies within the predetermined price threshold or the timed period lapses or a manual intervention occurs; wherein the predefined price threshold comprises a no bust range; a memory configured to retain a time parameter used to determine a maximum period of time that a matching of orders may be reserved; a matching system coupled to the order book manager; wherein the order processor is configured to compare an execution price of a conditional order to a predefined price threshold in real time (cols. 15-18).

As to claims 25-26, Nieboer discloses a computer readable medium programmed to mitigate the effect of a market spike caused by the triggering and the election of a conditional order, comprising (abstract):

monitoring orders submitted to a trading engine in an automated matching system (cols. 13-14);

comparing the price of a conditional order to a predefined price range (cols. 16, line 25 - col. 17, line 18);

delaying the matching of orders submitted to the trading engine when an execution price of a stop order lies outside of the predefined price range(claim 23);

deriving an opening price to be used by the trading engine (abstract); and

measuring a matching of the orders until the opening price lies within a second predefined price range or a time period lapses (cols. 16, line 25 - col. 17, line 18);

wherein the measuring code delay the matching of orders until the opening price lies within the second predefined price range or the time period lapses, or a manual intervention occurs(claim 23).

As to claim 27, Nieboer discloses a signal-bearing medium having software that mitigates the effect of a market spike caused by the triggering and the election of a conditional order, comprising (abstract):

an evaluation logic that monitors orders submitted to a trading engine in an automated matching system, the evaluation logic being configured to compare an execution price of a conditional order to a predefined price range (abstract);

a delay logic that delays the matching of the orders submitted to the trading engine when the price of a transaction lies outside of the predefined price range (cols. 16, line 25 - col. 17, line 18);

a pricing logic that derives an opening price to be used by the trading engine (cols. 16, line 25 - col. 17, line 18); and a timing logic that measures a time interval used to delay a matching of the orders until the opening price is within a predefined price range up to a maximum delay time set by a control center (claim 24).

As to claim 28, Nieboer discloses a method of mitigating the effect of a market spike caused by the triggering and the election of a stop order, comprising (abstract): monitoring orders submitted to a trading engine in an automated matching system (cols. 16, line 25 - col. 17, line 18); comparing the price of a stop order to a predefined price range (claim 24); delaying the matching of orders submitted to the trading engine when an execution price of a stop order lies outside of the predefined price range (cols. 16, line 25 - col. 17, line 18); deriving an opening price to be used by the trading engine (abstract); and delaying a matching of the orders until the opening price lies within a predefined price range up to a maximum delay time set by a control center (cols. 16, line 25 - col. 17, line 18).

Response to Arguments

6. Applicant's arguments with respect to claims 18-28 have been considered but are moot in view of the new ground(s) of rejection.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to SETH WEIS whose telephone number is (571)272-1882. The examiner can normally be reached on 8:30 to 5, Monday - Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles Kyle can be reached on (571) 272-6746. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/SETH WEIS/
Examiner, Art Unit 3695

/Narayanswamy Subramanian/
Primary Examiner, Art Unit 3695